

**MINUTES OF A MEETING OF THE  
ACCOUNTS AND AUDIT COMMITTEE  
HELD AT NELSON TOWN HALL  
ON 19<sup>TH</sup> OCTOBER, 2021**

*PRESENT –*

*Councillor D. Cockburn-Price – (Chairman, in the Chair)*

*Councillor D. Albin  
Councillor R. Anwar  
Councillor C. Lioni  
Mr D. Rothwell  
Mr D. Whatley*

**Also in Attendance**

<i>G. Jones</i>	<i>Grant Thornton UK LLP</i>
<i>S. Iqbal</i>	<i>Grant Thornton UK LLP</i>
<i>G. Cadle</i>	<i>Interim Chief Finance Officer PBC</i>
<i>I. Pinches</i>	<i>Financial Services Manager PBC</i>
<i>J. Eccles</i>	<i>Committee Administrator PBC</i>

*(Apologies were received from R. Parker (Merseyside Internal Audit Agency (MIAA)) and Councillor B. Newman.)*



**11. DECLARATION OF INTERESTS**

Members were reminded of the legal requirements concerning the declaration of interests.

**12. MINUTES**

**RESOLVED**

That the Minutes of 27<sup>th</sup> July, 2021 be agreed as a correct record and signed by the Chairman.

**13. EXTERNAL AUDIT DRAFT FINDINGS REPORT 2020/21**

G. Jones presented the key findings of the External Auditor along with other matters arising from the statutory audit for the year ended 31<sup>st</sup> March 2021.

The report was still in draft form, but their work was substantially complete and, subject to outstanding queries being resolved, receipt of the Letter of Representation and some other outstanding items detailed on page 5 of their report, Grant Thornton anticipated issuing an unqualified audit opinion on the Council's financial statements, which was detailed at Appendix E. In their opinion the financial statements gave a true and fair view of the financial position of the Authority as at 31<sup>st</sup> March 2021 and of its expenditure and income for the year, and had been properly prepared in accordance with the required code of practice on local authority accounting and legislation.

Grant Thornton was currently undergoing their audit of Value for Money, looking at the arrangements for securing economy, efficiency and effectiveness in its use of resources and

## Accounts and Audit Committee (19.10.2021)

hoped to complete this in the next few weeks. This would form part of the Auditor's Annual Report which they would publish no later than 30<sup>th</sup> December 2021, in accordance with the revised deadline, which required it to be issued no more than three months after the opinion on the financial statements. This would formally conclude the audit process for 2020/21.

A couple of risks of significant weakness had been identified which were set out in the report around financial sustainability and governance. The first concerned the Medium Term Financial Plan showing a £3m deficit for the 4 year period to 31/3/2025 and the need to make savings. The second one was around the number of staffing changes in the Finance Team, particularly at senior level. More work would be done on these 2 areas and would be reported in their Annual Report.

Their audit work had identified two issues in respect of valuation of land and buildings which were detailed in the report. They were satisfied that these were not material to the valuation of land and buildings. Management had decided not to amend the final accounts on this basis. Grant Thornton had recommended that valuation of land and buildings be undertaken at 31<sup>st</sup> March of the year of the accounts rather than 1<sup>st</sup> April, as there was a risk that valuations undertaken at the beginning of the year could move by a material amount in the course of a year. Management had agreed to do this going forward.

There was also some adjustments concerning the allocation of some grant income and expenditure which the Council had corrected.

### **RESOLVED**

- (1) That the External Auditor's report be noted.
- (2) That the team at Grant Thornton and Council officers assisting them be thanked for their work in preparing this report in challenging circumstances.

### **14. LETTER OF REPRESENTATION 2020/21**

The Interim Chief Finance Officer submitted a report on the requirement to provide the External Auditors with a Letter of Representation in relation to the Council's Statement of Accounts for 2020/21.

### **RESOLVED**

That the requirement for the Interim Chief Finance Officer to provide the External Auditors with a Letter of Representation in relation to the Statement of Accounts for 2020/21 be noted and, subject to some minor amendments and the Statement of Accounts being finalised, the Chairman of the Committee be delegated authority to countersign the Letter of Representation set out at Appendix A of the report.

### **REASON**

***To note the requirement to provide a Letter of Representation.***

### **15. STATEMENT OF ACCOUNTS 2020/21**

The Interim Chief Finance Officer presented for approval the Statement of Accounts for 2020/21 including amendments arising from the work of External Audit as at 13<sup>th</sup> November, 2021. He

## Accounts and Audit Committee (19.10.2021)

drew their attention to the Annual Governance Statement and Narrative Report which were published together with the financial statements.

The draft (pre-audit) accounts were completed and published on the Council's website ahead of the deadline of 31<sup>st</sup> July 2021. The period for public inspection of the Accounts was from 2<sup>nd</sup> August 2021 ending on the 10<sup>th</sup> September 2021. There were no questions or enquiries received from members of the public in that period. Grant Thornton commenced their audit of the accounts mid-July. So far no changes had been required to the core statements. Amendments made related mainly to a small number of disclosure notes.

Current regulations required the Council to approve and publish its audited Statement of Accounts by 30<sup>th</sup> September 2021. This had not been possible due to Covid pressures. It was expected that the audit would be complete by 30<sup>th</sup> October. Subject to the Committee's approval and receipt of the Auditor's Opinion, and the subsequent conclusion of the audit, the accounts would be published on the Council's website. On completion of the audit by Grant Thornton, a "Notice of Conclusion of Audit" would also be published advising that the Audit of the Council's accounts had been completed and giving details of where the accounts could be inspected.

Some minor amendments were pointed out at the meeting. It was also noted that the Accounts would need to be resigned by the new Chief Executive.

### **RESOLVED**

- (1) That Members email the Interim Chief Finance Officer as soon as possible after the meeting with any typos they had spotted or amendments that were required, and, provided that they were all minor, that the Chairman and Interim Chief Finance Officer be delegated authority to approve the Statement of Accounts for 2020/21.
- (2) That any significant amendment to the Statement of Accounts for 2020/21 be brought back to the Committee for further consideration.
- (3) That the Finance Team, assisted by colleagues across the Council, all be thanked for their hard work in bringing forward the Accounts for approval.

### **REASON**

***To approve the Council's Statement of Accounts for 2020/21 following the completion of the external audit.***

## **16. INTERNAL AUDIT PROGRESS REPORT 2021/22**

MIAA submitted a report in respect of the assurances, key issues and progress made against the Internal Audit Plan for 2021/22 and covered the period July and August 2021. Appendix A set out the overview of delivery for the Head of Internal Audit Opinion for 2021/22.

Attention was drawn to the Executive Summary which listed the 3 reviews that had been finalised since the last meeting and 6 reviews that were in progress. There had been a limited assurance on the Creditors and Purchasing 2020/21 review. Appendix 3 set out the key areas agreed for action. Most of these were now in place.

## Accounts and Audit Committee (19.10.2021)

The report proposed a couple of changes to the original Plan. It was suggested that MIAA provide training to help Members with their roles and responsibilities on Accounts and Audit Committee, which was welcomed. It was proposed that this training would replace the review of Covid Recovery Plan.

The Business, Energy and Industrial Strategy (BEIS) were to issue guidance for the Chief Executive and Chief Internal Auditor to sign and confirm the grant conditions for the Restart grant had been complied with. It was proposed that this review replace that of Contract Audit.

It was noted that there was a reference on page 3 of the report to the A&A committee setting the risk appetite. Members felt that their role was to monitor and comment on risk appetite but that it was set by the Council.

### **RESOLVED**

- (1) That the progress made against the Internal Audit Plan for 2021/22 be noted.
- (2) That some training on their roles and responsibilities be arranged for Members of the Committee, to take place immediately prior to the next meeting on 25th January, 2022, and for this to include some discussion about next year's Internal Audit Plan.
- (3) That MIAA be asked if possible to include an update on previous recommendations in future reports.
- (4) That thanks be given to the Finance Team and other Council officers that had helped MIAA to do their work.

### **REASON**

- 1. To demonstrate that the Committee is monitoring the work of Internal Audit.**
- 2. To provide appropriate training for Members of the Committee.**
- 3. To ensure progress continues to be made from previous work.**

## **17. INTERNAL AUDIT PLAN 2022/23**

A verbal update was given on the plans for Internal Audit in 2022/23 in discussions on the previous item.

### **RESOLVED**

That the update on the plans for Internal Audit for 2022/23 be noted.

### **REASON**

***To demonstrate that the Committee is monitoring the work of Internal Audit.***

## **18. TREASURY MANAGEMENT 2021/22 – QUARTER 1**

The Financial Services Manager submitted a report on the treasury management activities of the Council for the period 1<sup>st</sup> April to 30<sup>th</sup> September 2021 and answered related questions. The report provided a summary of the activity undertaken in relation to the Council's debt and

investments. An analysis of the long-term borrowing profile was provided at Appendix A. No additional borrowing had been undertaken in the first quarter of 2021/22.

## **RESOLVED**

That the work on the Council's treasury management activities from 1<sup>st</sup> April to 30<sup>th</sup> September 2021 be noted.

## **REASON**

*To keep informed of the Council's treasury management activities.*

## **19. CORPORATE GOVERNANCE AND RISK MANAGEMENT UPDATE 2021/22**

The Corporate Governance Working Group (CGWG) submitted an update on the CIPFA/SOLACE Good Governance Framework, the Action Plan contained in the Annual Governance Statement included within the Statement of Accounts for 2020/21; and developments relating to the Council's risk management arrangements. The Interim Chief Finance Officer presented the report and answered related questions.

Since the original Framework was published the Council had maintained a local code of corporate governance together with an Action Plan identifying the extent of compliance and/or any areas in the Council's arrangements that require further development, and this was subject to periodic review. The Committee last received the full self-assessment in July 2021. It showed that overall the Council's governance arrangements were generally good and demonstrated compliance with the principles set out in the code. However, there were some areas (rated amber) where it was felt the existing arrangements could be strengthened or required improvement. These were set out in the report with an update on the current status.

An update on progress against each of the 7 actions listed in the 2020/21 Action Plan contained in the Annual Governance Statement was set out for information.

The report also gave an update on the Council's risk management arrangements. The CGWG had undertaken a review of the Strategic Risk Register and the top strategic risks were set out in the report. Members wondered whether the high scoring of some of the risks needed to be revisited, in terms of the appetite of risk.

## **RESOLVED**

- (1) That the updated position on actions identified from (i) the initial self-assessment of the CIPFA/SOLACE Good Governance framework and (ii) the Council's Annual Governance Statement for 2020/21 be noted.
- (2) That the current developments linked to the Council's risk management arrangements be noted.
- (3) That the Interim Chief Finance Officer be asked to notify the Chief Executive of the Committee's comments on risk management, so that the Council could give further consideration to the high scores for the top strategic risks.

**REASON**

***To ensure the Committee is made aware of current developments impacting on the Council's wider corporate governance framework.***

Chairman \_\_\_\_\_